

Office of the Los Angeles City Attorney  
Hydee Feldstein Soto

REPORT NO. R 2 4 - 0 6 2 2  
DEC 0 5 2024

**REPORT RE:**

**DRAFT ORDINANCE AMENDING VARIOUS SECTIONS OF ARTICLE 4 OF  
CHAPTER X OF THE LOS ANGELES MUNICIPAL CODE TO REGULATE  
COMMERCIAL CANNABIS ACTIVITY**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Council File No. 20-0446-S2

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the enclosed draft ordinance approved as to form and legality. The draft ordinance makes amendments to various sections of Article 4, Chapter X of the Los Angeles Municipal Code based on the Department of Cannabis Regulation (DCR) report dated October 23, 2024. These changes include:

- (1) Removing criminal penalties for Retail Storefronts without an Emblem Placard as of January 1, 2025;
- (2) Extending the Social Equity exclusivity period for retail, delivery and cultivation licenses by approximately one calendar year to December 31, 2025;
- (3) Adding rules to administer a new lottery for Storefront Retail license opportunities;
- (4) Amending the Social Equity Individual Applicant criteria;

(5) Revising the definitions of “Cannabis,” “Undue Concentration,” and “Microbusiness”;

(6) Updating the Annual License process to clarify notice requirements and suspend application processing if there is a pending DCR investigation or ongoing compliance matter;

(7) Adding additional bases for the denial of Temporary Approval or Annual License Applications and renewals;

(8) Establishing DCR’s ability to pursue unpaid administrative penalties in a civil action; and

(9) Clarifying amendments to fix cross-references and ensure consistency.

In addition to the amendments requested by the City Council based on DCR's Report dated October 23, 2024, the draft ordinance also:

(1) Clarifies that modifications and refiled applications may be submitted only by Licensees who are current on all City taxes, fees and fines, and who are in compliance with the requirements of Article 4, to ensure applicants do not avoid paying City-owed liabilities by submitting a new application for, or transferring a license to, a debt-free entity; and

(2) Applies electronic mail notice to Notices of Suspension and Revocation, thereby making the notice requirements uniform across all types of DCR’s compliance actions.

As requested, the draft ordinance also includes an urgency clause so that, if adopted by the City Council and approved by the Mayor, it will become effective upon publication. As documented by several City departments, including this Office and the Los Angeles Police Department, unauthorized cannabis activity in the City continues to proliferate, with the attendant crime and negative secondary impacts that pose a current and immediate threat to the public welfare. The draft ordinance includes a statement describing the urgency as required by Charter Section 253. Urgency ordinances require a three-fourths vote of the City Council in order to pass.

#### Council Rule 38 Referral

A copy of the draft ordinances was sent, pursuant to Council Rule 38, to the Department of Cannabis Regulation with a request that all comments, if any, be presented directly to the City Council when this matter is considered.

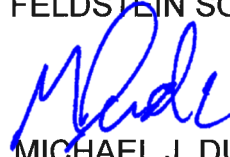
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If you have any questions regarding this matter, please contact Deputy City Attorney Allison Towle at (213) 978-7439. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



MICHAEL J. DUNDAS  
Senior Assistant City Attorney

MJD:AT:pj  
Transmittal